



Committee Daily Bulletin

18th Congress
Third Regular Session

A publication of the Committee Affairs Department

Vol. III No. 79
October 6, 2021

COMMITTEE MEETING ON HOUSE MEASURES

| COMMITTEE | MEASURES | | SUBJECT MATTER | ACTION TAKEN/ DISCUSSION |
|-----------|----------|-----------------------|---|--|
| | NO. | PRINCIPAL AUTHOR | | |
| Energy | HB 10006 | Rep. Macapagal Arroyo | Extending the corporate life of and strengthening the Power Sector Assets and Liabilities Management Corporation, amending for the purpose Republic Act 9136, otherwise known as the Electric Power Industry Reform Act of 2001 | <p>The Committee, chaired by Rep. Juan Miguel Macapagal Arroyo (2nd District, Pampanga), agreed to create a technical working group (TWG) to deliberate further on House Bill 10006. The TWG will be headed by the Chair himself.</p> <p>Committee Vice Chair, Rep. Presley de Jesus (Party-List, PHILRECA), initially presided over the meeting while the Chair was not yet onboard the Zoom virtual meeting.</p> <p>Rep. De Jesus said that in today's meeting, the Committee aims to determine whether or not the corporate life of the Power Sector Assets and Liabilities Management Corporation (PSALM) shall be extended for another 50 years from 2026 or until June 26, 2026, as proposed in the bill. Otherwise, he said the Committee wants to know the number of years needed for PSALM to exist to fully achieve its mandate. In any case, Rep. De Jesus stated that the Committee would like to know if PSALM was able to fulfil its mandate under Republic Act 9136 or the Electric Power Industry Reform Act (EPIRA) of 2001.</p> <p>According to Rep. De Jesus, the EPIRA provides that PSALM shall take ownership of all existing generation assets, liabilities, independent power producer contracts, real estate, and all other disposable assets of the National Power Corporation (NPC), including the Agus-Pulangi Hydroelectric Power Plant complexes in Mindanao; and assume NPC's outstanding obligations and other instruments of indebtedness.</p> <p>Atty. Irene Joy Besido-Garcia, President and CEO of PSALM, explained that extending PSALM's corporate life will be beneficial for the national government and the energy sector. She admitted that PSALM still has liabilities that the national government is not prepared to absorb upon the expiration of its corporate life come June 26, 2026. Besido-Garcia also explained that the proposed 50-year extension will allow PSALM to undertake the following:</p> <ul style="list-style-type: none"> • Implement its contracts with concerned parties that will expire beyond 2026; • Rehabilitate the Agus-Pulangi Hydroelectric Power Plant, which is expected to last up to six years from 2023; • Privatize the remaining power assets and real property assets of NPC the ownership of which was assumed by PSALM; |

| | | | | |
|---------------------------|--|--|--|--|
| Continuation... Energy | | | | <ul style="list-style-type: none"> • Liquidate financial obligations from NPC beyond June 2026; • Secure better borrowing terms from financial institutions; • Pursue its pending cases in courts involving Independent Power Producer Administrators to protect the interest of the government; and • Fully collect the P208-billion allocation under RA 11371 or the <i>Murang Kuryente Act</i>. Besido-Garcia explained that because of the government's limited fiscal space, PSALM might not be able to collect the full amount of P208 billion in the next five years. <p>Under RA 11371, the amount of P208 billion shall be utilized for the payment of stranded contract costs and stranded debts transferred to and assumed by the PSALM. The law aims to provide the consumers reasonable price of electricity by minimizing the universal charges for stranded contract costs and stranded debts.</p> <p>On the query of Rep. Carlos Isagani Zarate (Party-List, BAYAN MUNA), Besido-Garcia said that PSALM managed to liquidate its assumed financial obligations from P1.24 trillion in 2003 down to P381.7 billion by the end of 2020. She added that as of June 2021, the PSALM's remaining debts went down to P367.9 billion.</p> <p>Expressing support for the bill were resource persons from the NPC, Department of Energy, Department of Finance, Department of Budget and Management, Energy Regulatory Commission, Governance Commission for Government-Owned and Controlled Corporations, and Philippine Independent Power Producers Association.</p> <p>On the other hand, Reps. De Jesus, Zarate, and Sergio Dagooc (Party-List, APEC) manifested that the proposed 50-year extension may be too long and needs further discussion. They also maintained that the Agus-Pulangi Hydroelectric Power Plant should remain a property of the government and should not be privatized.</p> <p>The PSALM was requested to submit the following:</p> <ul style="list-style-type: none"> • Details of the remaining P367.9 billion debts/obligation of the PSALM; • Copy of the feasibility study on the rehabilitation of the Agus-Pulangi Hydroelectric Power Plant; and • List of remaining power assets and real properties that should be liquidated by PSALM. |
|---------------------------|--|--|--|--|